



FELDA GLOBAL VENTURES HOLDINGS BERHAD

GROUP SUSTAINABILITY POLICY

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1.0 PURPOSE

- 1.1 The purpose of this Policy is to establish the objectives and guidelines for Felda Global Ventures (“FGV”) and its Group of Companies (collectively referred to as the “FGV Group” or “Group”) with regards to sustainability matters.
- 1.2 This Policy serves to facilitate the achievement of FGV Group’s commitment to conduct business responsibly through the integration of Economic, Environmental, and Social (“EES”) considerations throughout our business process. FGV Group shall take all possible steps :
 - a) To ensure that the Group’s activities will create trust and long-term value for the business, Shareholders and Stakeholders; and
 - b) To execute the Group’s strategy in ways that will address the EES risks and opportunities effectively to achieve business and operational excellence and ensuring compliance with the laws and regulations within jurisdictions where FGV Group operates.

2.0 APPLICATION AND SCOPE

- 2.1 The Group Sustainability Policy (hereinafter referred to as the “Sustainability Policy” or the “Policy”) is intended to apply to:
 - a) FGV Group; and
 - b) All Directors and Employees of the FGV Group.
- 2.2 This Policy makes reference to, and shall be read together with, FGV Group’s other relevant codes and policies.
- 2.3 The Policy shall be further supplemented by the relevant policies developed at the various Clusters levels and Corporate Centre within FGV Group to govern, manage and regulate the industry-specific sustainability matters that are considered more critical from an economic, environmental, social and governance perspective. However, in the event there is any inconsistencies thereof the policy with the most stringent requirement shall apply to the extent of such inconsistencies.

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- 2.4 If a law conflicts with this Policy, the Directors and Employees should comply with the law. If the Directors and Employees perceive that a provision in this Policy conflicts with the law in their jurisdiction, the Directors and Employees should consult with FGV Group’s Sustainability & Environment Department (“SED”) immediately, rather than disregard the Policy without consultation.

3.0 DEFINITIONS

- “Date of the First Approval of this Policy” : Means the effective date of the Policy which is the date of the first approval of this Policy by the Board which falls on 25th August 2016.
- “Board” : Means the Board of Directors of FGV Group.
- “Bursa Malaysia:” : Means Bursa Malaysia Securities Berhad.
- “Clusters” : Means operational business groups of FGV Group which manage the core sectors in which FGV Group is involved in.
- “Director” : Means the Director (s) of FGV Group in accordance with the definition provided in the Companies Act 1965.
- “Employee” : Means employees who serve FGV Group on a permanent, contract, secondment, temporary or assignment basis.
- “FELDA” : Means Federal Land Development Authority which is a major shareholder of FGV.
- “FGV” or the “Company” : Means Felda Global Ventures Holdings Berhad.

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“FGV Group” or the “Group”	:	Means the FGV Group of Companies, includes FGV’s subsidiaries and FGV’s listed subsidiaries located worldwide, in which FGV holds a controlling interest and have management control.
“FPIC”	:	Means Free, Prior and Informed Consent: <ul style="list-style-type: none"> a) Free means that there was no coercion or intimidation as part of the consultation. b) Prior means consent for the land acquisition is sought well in advance of any deal closure or operations. c) Informed means that all information relating to the deal or operations is provided and the information is objective, accurate, and presented in a manner or form that is understandable to local communities. d) Consent means that the local communities have agreed to the deal or operations proceeding on lands where they hold legitimate tenure rights.
“GCCD”	:	Means the Group Corporate Communications Department.
“GPCEO”	:	Means the Group President/ Chief Executive Officer of FGV.
“GGD”	:	Means the Group Governance Division.
“HSE”	:	Means Health, Safety and Environment.
“HCS”	:	Means the high Carbon Stock which are areas that have a high stock of carbons due

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to the type of plants, soil and other geographic factors.

- “HCV” : Means high conservation value are biological, ecological, social or cultural values which are considered outstandingly significant or critically important, at the national, regional or global level.
- “ILO” : Means the International Labour Organisation.
- “Listing Requirements” : Means the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.
- “Outgrowers” : Means outgrowers are defined as farmers with more than 100 hectares of land, where the sale of Fresh Fruit Bunches is exclusively contracted to FGV Group.
- “Policy” : Means the Group Sustainability Policy.
- “NGO” : Means Non-Governmental Organisations.
- “SED” : Means the Sustainability & Environment Department.
- “Shareholder” : Means the Shareholders who own Ordinary Shares of FGV Group.
- “Smallholders” : Means farmers growing oil palm where the planted area is usually less than 40 hectares in Malaysia or any other size as defined in the country of operation.
- “Stakeholders” : Means employees, regulatory and statutory bodies, NGOs, FELDA settlers, investors,

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customers, suppliers/ contractors and government.

“Third Party/ Parties” : Means any external person or company independent of FGV Group which may include customers, potential customers, contractors, external companies and any other stakeholder with whom a business relationship, whether current, prospective or historic exists.

“UDHR” : Means the Universal Declaration of Human Rights.

“Value chain” : Means the receiving of raw materials as input, value added to the raw materials through various processes and the sale of finished products to customers.

“Value Chain Partners” : Means the members of the value chain who provide materials, goods or services in the various processes required to develop the finished product.

4.0 FOR INTERNAL PURPOSE ONLY

5.0 ADMINISTRATION OF THIS POLICY

5.1 This Policy is approved and adopted by FGV’s Board of Directors (the “Board”) including any amendments thereto.

5.2 SED is the owner of this Policy and is responsible to ensure that the Policy is reviewed and updated to be kept relevant. This Policy shall be reviewed periodically especially when there are changes in any applicable laws, code or

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regulations relevant to this Policy or at least once every two (2) years. The review of this Policy shall be undertaken by the Head of SED and supervised by GGD.

- 5.3 GGD, as the custodian of the Policy is responsible to ensure that the Policy is disseminated by the owner of this Policy and made accessible to all the Directors and Employees within the Group, through the Group's internal portal and/ or other channels as appropriate
- 5.4 SED is responsible for any external communication of the relevant details of this Policy to all Third Party/ Parties as well as other relevant stakeholders such as customers, shareholders and the general public. Communication to and administration of the Policy in relation the Directors shall be conducted by the Group Secretarial Department.
- 5.5 In certain circumstances, it may be deemed more appropriate for FGVHB to publish for public or external consumption a policy statement containing the general principles of this Policy and other relevant contents ("the General Principles") as opposed to publishing the full contents of this Policy. In this connection the contents of the said General Principles shall be prepared by the owner of this Policy and upon its completion SED and GCCD shall be responsible for any external communication of the General Principles of this Policy to all Third Party/ Parties as well as other relevant stakeholders such as customers, shareholders, stakeholders and the general public.
- 5.6 It is the responsibility of the SED and GCCD to inform external parties involved in any business dealings with FGV Group that the Company practices this Policy and to request the external party's understanding for and adherence with this policy.

6.0 FGV GROUP'S COMMITMENT TO SUSTAINABILITY

- 6.1 There is a strong sense of environmental and social responsibility at the core of FGV Group as it now takes the lead in FELDA's commitment to agricultural sustainability by harnessing its human capital potential. The Group aims to become a sustainable business by working towards a future that balances environmental, social, economic and governance needs to create positive impacts for its stakeholders in an increasingly resource-constrained and volatile world.

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- 6.2 The Group is cognisant of the needs of the FELDA Settlers and the surrounding communities within which FGV Group operates and shall continue building and empowering the communities to promote growth and economic prosperity through proper resource management, capability development, access to education and enhancement to overall rural livelihood.
- 6.3 FGV Group is strongly committed to:
- 6.3.1 engaging in promoting sustainability practices such as best agricultural practices to Outgrowers;
 - 6.3.2 engaging through FELDA in promoting sustainability practices to FELDA Settlers;
 - 6.3.3 a Sustainability strategy that will drive each business unit to deliver value for the Group and contribute towards development of long term value creation for the Shareholders and Stakeholders. FGV Group believes in doing more with less. From developing high yielding agricultural seeds, best management practices, mechanisation, high productivity equipment, producing environmental friendly products and using less water, less land to reducing our carbon footprint. Our strategy shall encompass everything from reduced cost of capital to greater innovation in order to realise the benefits of a sustainable business model;
 - 6.3.4 meeting all applicable legal, environmental and social requirements. The Group pledges to cooperate with the relevant authorities to ensure that the business complies fully with regulatory requirements. This shall be consistently managed and monitored by its Sustainability Division;
 - 6.3.5 continued engagement with the relevant Stakeholders to align their concerns with the Group's strategy and growth. Communication is a key concern of the Group and a proactive engagement approach with the Stakeholders across the entire value chain i.e. the government, investors, customers, supplies, Non-Governmental Organisations ("NGO") and local community shall ensure better-informed decision making at the highest levels of the Group;

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- 6.3.6 continually assessing the environmental impact of its products and services and working towards addressing increasing environmental challenges through research and innovation with appropriate partners; and
- 6.3.7 respect and protect the needs of its Employees and communities. FGV Group shall uphold the rights enshrined in the Universal Declaration of Human Rights (“UDHR”). The Group shall be guided by the guidelines set by the International Labour Organisation (“ILO”) for matters pertaining to the fundamental rights of all its Employees.

7.0 ENVIRONMENTAL STEWARDSHIP

Managing environmental impacts

- 7.1 FGV Group respects its natural resources and endeavours to implement business practices that reduces its environmental impact, where possible. This commitment goes beyond FGV Group’s direct impact and includes the businesses’ value chain impacts.
- 7.2 FGV Group also considers the business’ primary environmental risks and opportunities in light of the challenges specific to its operations and have implemented various management methods to address these matters effectively.
- 7.3 In line with international commitments and in compliance with the Environmental Quality Act 1974 and applicable local laws and regulations in jurisdictions which FGV operates, to ban open burning. FGV Group employees and contractors working in FGV Group premises shall not perform any open burning. There shall be no open burning during land clearing and replanting activities as well as for the purpose of disposing domestic waste or any other purpose except for controlled burning for the management of pest and disease (with prior approval) as specified in ‘Guidelines for the Implementation of the ASEAN Policy on Zero Burning 2003.
- 7.4 FGV Group shall develop robust fire prevention measures by enhancing the Group’s capacity in fire control through a series of initiatives and training programmes including simulation exercise on fire fighting, forming dedicated emergency response teams, and establishing guidelines on fire prevention and

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management decision-making to deal with fire in emergency situations. The Group shall be proactive in fire monitoring and updating local authorities on the occurrence of fires, if any, within and surrounding the Group premises.

- 7.5 FGV Group shall deploy water conservation efforts in areas of water scarcity, monitor and improve the water quality in areas impacted by the Group's operations and promote access to clean water in and surrounding communities where FGV Group operates.

Biodiversity and conservation of High Conservation Value elements

- 7.6 Biodiversity is a key concern for the Group as many of the Group's plantations are within the proximity of natural and reserved forests which are natural habitats of endangered, rare and threatened (ERT) species as these areas have High Conservation Value. The Group shall make continuous efforts to preserve the pristine environment of these areas and reduce impact as much as possible.
- 7.7 The Group shall not perform any new development in areas rich in biodiversity or that are under protection e.g. primary forests, wildlife reserves and wetlands. The Group has appropriate action plans in place which are in line with international guidelines and established practices to guide the operations in close proximity to these areas and to continually improve the Group's practices. The Group pledges to no deforestation, no conversion of High Conservation Value (HCV) areas, no new planting on peat land immaterial of size and depth and no development of areas classified as having High Carbon Stock (HCS) irrespective of when the lands are acquired or owned by FGV Group. FGV Group will adopt best management practices for existing peat land estates and endeavour to rehabilitate peat lands that have been planted after the Date of the First Approval of the Policy. FGV Group will stop immediately all new development on peat lands irrespective of when the land was acquired or any previous RSPO New Planting Procedure approval. The Group shall perform a HCV assessment through which it will develop management and monitoring plans. In addition, the Group will ensure that the operations do not pose a threat to wildlife and establish programmes to enhance and enrich habitats of endangered species.

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Waste Management

- 7.8 FGV Group is committed to waste reduction across its operations in all geographical areas while taking into consideration specific and applicable legislative requirements on waste reduction and management. Where possible, waste shall be analysed to identify for potential use as new resources / products or any other forms of efficiencies. Recycling shall be encouraged throughout the Group as part of these efforts and will be guided by a “zero waste management” policy in the value chain.

Greenhouse Gas (“GHG”) Emissions

- 7.9 The Group is committed to actively pursue opportunities to reduce its greenhouse gas emissions through its operational approaches to manage and report its carbon footprint through the use of suitable reporting tools and benchmarking the Group’s performance to the industry peers with the intent to reduce emissions.

8.0 SOCIAL AND ECONOMIC RESPONSIBILITY

Strengthening Human and Social Capital

- 8.1 FGV Group is committed to build and empower the employees and the local communities wherever the Group operates. The Group aims to promote economic growth and prosperity through job creation, upgrading of skills, access to education and overall enhancement of livelihood.
- 8.2 FGV Group shall continually seek opportunities to consult and align with the interests of local communities, in particular FELDA’s smallholders, who form a large part of the Group’s value chain. FGV Group shall continuously review its operations and practices to allow for continuous improvement in the management of social issues.

8.3 Occupational Health and Safety

- 8.4 FGV Group is committed to providing a healthy and safe working environment by targeting zero fatality and actively driving accident prevention efforts across all its

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operations through its HSE Management Framework. Through continuous engagement, capacity building, risk management and monitoring, all employees are equipped to reduce exposure to occupational health and safety hazards and risks. All Employees shall adhere to the applicable health and safety laws, regulations and standards.

- 8.5 All Value Chain Partners shall be required to adhere to the applicable laws, regulations and standards and applicable FGV Group policies whilst working on FGV Group premises.
- 8.6 Prevailing legislation on health and safety in all geographical areas of operation shall be complied with by Employees and Value Chain Partners and integrated where possible into the Group's policies and procedures. Refer to the Groups **HSE Policy** for further details.

Respecting Human Rights

- 8.7 FGV Group also recognises its responsibility to respect human rights as defined in the UDHR and ILO Core Conventions. These frameworks provide the minimum standards for fair and decent working conditions with no exploitative workplace practices allowed. The Group works towards actively integrating human rights elements into business practices across its value chain.
- 8.8 FGV Group is cognisant of its responsibility to protect the rights of all Employees. The Group shall continue to actively engage its employees to ensure that their needs such as wages, shelter and access to services are met and to create a harmonious and prosperous working environment.

Responsible Employment

- 8.9 The Group prohibits any individual under the legal age to be employed in accordance with prevailing legislation in jurisdictions in which FGV Group operates.
- 8.10 FGV Group also firmly supports the provision of equal opportunity to all and shall seek to ensure that all employees and applicants for employment should receive fair treatment and shall not engage in or support discrimination based on race,

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nationality, religion, disability, gender, age, sexual orientation, union membership or political affiliation.

- 8.11 FGV Group shall adhere to the Guidelines on Human Trafficking and Forced Labour Exploitation as well as the Declaration on Fundamental Principles and Rights at Work by the ILO. The Group does not support the employment or use of forced or bonded labour in connection with our activities and shall not knowingly collaborate with agencies, suppliers or contractors involved in human trafficking.

Sexual Harassment and Violence

- 8.12 The Group considers sexual harassment and violence to be serious offences and have set out strict guidelines on the appropriate conduct to avoid such situations. Please refer to the **Employee Code of Conduct** for further details.

Freedom of Expression

- 8.13 Freedom of expression in accordance with national legislation is not prohibited as part of FGV Group's commitment to the ILO Core conventions the Group fully respect the right of all Employees to form and join unions trade of their own choosing, and to bargain collectively.
- 8.14 The reproductive rights of women in FGV Group are also ensured in our Policy as we believe that every individual has the right to decide freely and responsibly on this issue.

Free, Prior and Informed Consent

- 8.15 The Group respects the right of its indigenous and surrounding communities by ensuring that any development or acquisition on or in the vicinity of their land is not in violation of their rights based on traditional and customary practices. FGV Group shall obtain the free, prior and informed (FPIC) consent of these communities prior to any form of development. In aligning the expectations of the communities with the Group, proper consultation and engagement shall be organised with the local community(s) to identify expectations, terms and insights for the purpose of procuring FPIC.

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- 8.16 The Group affirms its support in obtaining the FPIC from the communities with customary claims to the land impacted or overlapping with the land concessions. The ascertainment of local communities' tenure rights is centred on the conduct of participatory Social Impact Assessment and continuous engagement in fair and informed negotiations over access rights to land and other natural resources.
- 8.17 The Group also believes in resolving conflicts and disputes through non-violent methods. Legal channels shall be utilised as a means for peaceful, legitimate resolution, agreeable to both parties. FGV Group is against the use of weapons and military in the resolution of conflicts and disputes.
- 8.18 FGV Group shall work with relevant stakeholders to ensure that a balanced, mutually agreed and structured conflict resolution system is accessible to smallholders, indigenous and rural communities and other affected stakeholders.

9.0 VALUE CHAIN

Raw Materials and Other Resources

- 9.1 FGV Group comprises Business Clusters ("Clusters") which use or produce raw materials and other resources from FGV Group's plantations, smallholders and other suppliers. The Group's Value Chain begins with these materials and extends to processing, packaging, transportation and distribution.
- 9.2 FGV Group is committed to ensuring the sustainability of the raw materials sourced, utilised and distributed. FGV Group encourages its Value Chain Partners to embrace sustainable practices, i.e occupational health and safety practices, waste management practices and environmental conservation through our engagement with them by enhancing their skills, knowledge and/ or access to better resources. Where it is mandatory by law for Value Chain Partners to comply with certain sustainable practices, laws and regulations, the Value Chain Partners shall comply accordingly.

Traceability

- 9.3 FGV Group shall continually work towards improving the traceability of raw materials to build stakeholder trust. The Group will work with the relevant Stakeholders to ensure raw materials, specifically oil palm products are derived from areas where there is '**No Peat, No Deforestation and No Exploitation**'.
- 9.4 The Group shall work closely with the Value Chain Partners to ensure traceability and transparency is embedded in their practices to create a more sustainable value chain. The Group shall not procure raw materials from illegal sources;
- 9.5 Reference should be made to the relevant procurement policies on sourcing of raw materials.

10.0 GOVERNANCE RESPONSIBILITY

- 10.1 The Board is the ultimate governing body of the Company. The Company's sustainable strategy is driven by the Board with delegation of responsibility to the GPCEO. Cluster and Corporate Centre Heads are responsible for implementation by ensuring operations conducted and business decisions made are aligned to this Policy.
- 10.2 SED and Cluster Heads shall drive the enforcement, monitoring and capacity building across the Clusters. In addition to this, Stakeholder engagement shall be managed closely to ensure the evolving needs and requirements of the various Stakeholders are met.
- 10.3 The Board shall periodically evaluate the efficacy of governance over sustainability matters and continuously work towards creating a more robust structure.
- 10.4 FGV Group shall work collaboratively with the Government, industry associations and other stakeholders to support sustainable development of the agri-business within the geographical areas of operations.

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11.0 REPORTING OF FGV GROUP'S SUSTAINABILITY EFFORTS

- 11.1 FGV Group shall report publicly on its sustainability performance on an annual basis in accordance with the provisions of Bursa Malaysia's Listing Requirements. The sustainability reporting shall be finalised in conjunction with the development and release of the Annual Integrated Report. FGV Group shall also take into account international reporting standards and guidelines to enhance its disclosures and strengthen its communications and relationship with its Stakeholders.
- 11.2 The Group commits to provide accurate, factual and balanced information on its sustainability initiatives to all its stakeholders.
- 11.3 FGV Group shall also abide by all prevailing laws, regulations and permit requirements with respect to environmental and social matters as required in the specific geographic region of its operations.

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